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C O N F I D E N T I A L SECTION 01 OF 02 STOCKHOLM 000005

SIPDIS

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TAGS: [PREL](#) [PGOV](#) [IR](#) [IS](#) [SW](#)

SUBJECT: SWEDISH OFFICIAL ON IRAN: ELECTIONS, DOMESTIC  
OPPOSITION AND DIALOGUE

REF: 08 STOCKHOLM 857

Classified By: CDA Robert Silverman for reasons 1.4 (B) & (D).

¶1. (C) Summary: In an initial call in December on the Swedes in their upcoming EU Presidency capacity (reftel), EUR/ERA Director Bill Lucas met with the MFA's Iran expert and deputy head of the Middle East and North Africa Division, Dag Juhlin-Dannfelt. Dannfelt said:

-- The EU3 has the policy lead, but Foreign Minister Bildt is fascinated with Iran; for instance, Bildt recently engaged MFA senior staff with non-governmental U.S. and Iranian experts to discuss different policy scenarios on Iran;

-- Sweden would continue to take leadership positions on human rights in Iran and on the need for Iranian compliance with the IAEA;

-- Sweden would welcome direct U.S. dialogue with Iran.

End Summary.

EU, Sweden and Iran

¶2. (C) Dannfelt said Iran is high on the foreign policy agenda in Stockholm, but acknowledged with irony that Sweden plays "second violin" to the "EU3 foreign policy machine." While the GOS cannot dictate EU policy towards Iran, it will push both for the EU to engage with Iran and Iran to comply with UNSCRs. Normalization of Iran's relations with the EU is blocked by the nuclear issue. As for the Swedes, "we are puzzled by Iran" and do not know how to confront the nuclear problem, Dannfelt told Lucas. At Foreign Minister Bildt's request, on December 9 the MFA organized a day-long seminar on Iran with academics from Iran, the U.S. and Europe for a "competence-building" session for the MFA (including Bildt and State Secretary Frank Belfrage, the number two) and other government agencies. The Swedes, led by Bildt, want good bilateral relations with Iran but the nuclear issue and human rights remain "problems." Sweden has been a leader in pushing the human rights issue in international fora, Dannfelt observed.

Domestic Iranian Issues and the United States

¶3. (C) Dannfelt said the Swedes would welcome direct dialogue between the U.S. and Iran, which would create a "dilemma" for a regime that thrives on confrontation with America. President Mahmoud Ahmadinejad is an ideologue who usually blames domestic problems on the "external enemy," but he has failed to blame his recent shortcomings on the West and his popularity has fallen. Ahmadinejad won on a populist message of "more bread and butter", said Dannfeldt, but has "failed utterly on its delivery." Iranians believe the economy has not been this bad since the eight year war with Iraq, so he

would not be surprised if the regime "decided to dump Ahmadinejad." As the election nears, Ahmadinejad will likely try to appeal to his "paranoid" populace by claiming the West created the "myth" that Iran is developing nuclear weapons in order to invade it, as happened with Iraq. He may also seek to reawaken historical animosity against the United Kingdom and U.S. for alleged efforts to control Iran's oil fields.

¶4. (C) If Mohammad Khatami were to win the June 2009 elections and regain the Presidency, there would be a new window of opportunity for the international community's relations with Iran because he differs so much from Ahmadinejad. Indeed, a broad spectrum of Iranians want normalization of relations with the U.S., said Dannfeldt. Due to historical events, the Iranians are "very conspiratorial in outlook" and "fear hidden agendas," although the international awareness of Iranians, including at lower levels of society, should not be underestimated. Some 40,000 Iranians visit Sweden every year, and roughly 40,000 of the 100,000 Iranians resident in Sweden travel to Iran each year.

#### Iran's Nuclear Calculus

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¶5. (C) Dannfeldt said he would be surprised if the regime allowed nuclear inspectors prior to elections. The regime has made a strategic decision to acquire at least the capability to assemble a nuclear warhead on short notice, if not to actually possess a nuclear device. The leadership is probably grateful to the Israelis for bombing Iraq's Osirak reactor, assessing that Saddam would have used a nuclear warhead against Iran if he had had the capability. Still,

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criticism of Iran's nuclear program is prevalent among patriots and economically-minded citizens who believe that the government is spending too much.

#### Iran on Iraq and Afghanistan

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¶6. (C) Dannfeldt said it will be impossible to stabilize Afghanistan without "some sort of accord" with Iran. Tactical cooperation against the Taliban in 2001-2 was a sign from the regime that it wanted reconciliation with the U.S., Dannfeldt argued, however, by 2004-5 "Ahmadinejad and his group" needed confrontation with the West to help them gain and hold on to power. "If there is no external enemy to blame problems on, then the regime's days are numbered," Dannfeldt stated, "even though the regime has a much better network than the Shah ever had," enabling them to move quickly against potential challengers. As for Iraq, the regime does not want to see total chaos there, but it also does not want the U.S. to have Iraq available as a "base" from which to attack. "Controlled chaos in Iraq suits the Iranians just fine," he claimed.

#### Israel/Palestine

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¶7. (C) The EU has tried to find a balanced compromise on EU policy towards Israel and Palestine, but the 27 members have difficulties agreeing, said Dannfeldt. Sweden places priority on the peace process and hopes that the new U.S. administration will "be involved from the beginning." The EU is not really a player, he added, "though it wants to be seen as having clout and influence." Dannfeldt felt that if the Annapolis process had another two to three years it might have been a success and therefore President-elect Obama should continue the process. Sweden believes the opening between Syria and Israel will "help in the long-run to unlock the Israel-Palestine conundrum" and have a positive effect on the whole region.

Bio Note

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18. (C) Dannfelt is the MFA's Iran expert, having served there twice. He maintains close ties to a wide range of Iranians through his Iranian-born wife. We have noticed that his briefings to us are often repeated almost verbatim by his superiors in later weeks.

19. (U) Mr. Lucas cleared this cable.  
SILVERMAN